



October 22nd, 2014

Mr. Barry F. Mardock
Deputy Director, Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

Re: Eligible Investments for Farm Credit System Associations and Funding Banks

Dear Mr. Mardock:

The over 50 community bank members of the Independent Community Bankers of South Dakota are very concerned about the Farm Credit Administration's (FCA) regulatory proposal to "modernize" investment purposes for Farm Credit System (FCS) entities. The combination of the guidance memo and this regulation appear aimed at allowing FCA to approve virtually any type of investment. This is an egregious, self-serving power grab on FCA's part.

Strict limitations are needed on FCS lenders' investments. FCS entities are GSEs and should focus on loans, not investments. Our membership is very concerned FCA is establishing an approval methodology that allows FCS lenders to label as investments what are in effect loans.

Please provide to us a list of eligible investments. Do you intend to approve non-farm business loans if they are issued as bonds? Do you intend to approve all of the extensions of credit made under the various pilot projects, which are supposedly being withdrawn? Would FCA approve investments in commercial buildings, commercial real estate, shopping malls, movie theatres, apartment complexes, and manufacturers if an FCS lender adequately filled out your September guidance memo and appropriate documents? Is virtually any type of loan eligible if it is considered or labeled as an investment? How does FCA determine what financing activity meets the definition of an investment under the "other investments" category?

If FCA does intend to approve these types of "investments" then you did not listen to the thousands of letters from bankers opposing your 2008 proposed rule. The rule states "no investment is ineligible if approved by FCA." Congress did not grant you an "anything goes" approval authority in the law that supersedes the Act's lending authorities.

On behalf of our membership we ask that all illegal investments now in FCS portfolios should be divested within six months. Please withdraw the guidance memo and this proposal and reissue this proposal for comment after answering the questions raised above.

Sincerely,

Greg McCurry
Independent Community Bankers of South Dakota
President & CEO